

ALTERNATİFBANK A.Ş.
2014
CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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PART I – CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE DECLARATION

Alternatifbank A.Ş., (ABank, Bank), is continuing its studies on compliance to the “Communiqué On Corporate Governance (II-17.1)” published in the Official Gazette dated 3 January 2014 and numbered 28871 by the Capital Markets Board of Turkey (CMB).

In addition, as required by the “*Regulation on Bank’s Corporate Governance Principles*” which was published by the Banking Regulation and Supervision Agency (BRSA) in the Official Gazette dated 1 November 2006 and numbered 26333, special care has been given to develop the structures and principles in accordance with the Corporate Governance Principles and the Bank continually takes active measures to further enhance and raise its corporate governance standards.

The objective of ABank’s executive management is to increase the Bank’s value, and Management’s mindset is in parallel with this objective. The Bank believes that strong leadership and governance is vital to ensure high performance across all dimensions of the Bank’s activities and in relation to the people and the communities in which it operates. The promotion of corporate transparency, fairness and accountability is driven by a qualified and independent Board aided by a seasoned and experienced Management team.

Announcement of financial and non-financial information related to the Bank, except for the information considered as confidential is done in an accurate, clear, interpretable and easily accessible form. The Bank’s disclosure activities are realized in respect to this transparency principle. In the framework of the Public Disclosure Policy, the Investor Relations page on the Bank’s internet site has been structured with the aim of creating easily accessible information to all beneficiaries. The Bank’s Annual Reports, public disclosures, financial reports, information about ordinary and extraordinary general assembly meetings, ethical principles, information regarding corporate structure and investor relations contact information are included under this page. In fulfillment of the Bank’s responsibilities to its stakeholders (being any person who has an interest in the Bank including shareholders, customers, employees and creditors), the Board of Directors (the Board) has approved and adopted the standards and practices which provide the framework for the Bank’s corporate governance. Such standards are reviewed by the Board periodically to ensure that the Bank maintains best practices in corporate governance, and that these practices provide for the effective oversight and management of the Bank. These standards are encapsulated in the Bank’s charters, policies, Terms of Reference and documents and highlights of and compliance to which are detailed in the succeeding sections of this report. The Bank’s Board of Directors takes the necessary requirements as per the laws and regulations to handle the shareholders and disclose information.

In the CMB’s bulletin dated 14 January 2014 and numbered 2014/1, the Bank has been categorized under Third Group Corporations with regards to the implementation of corporate governance principles. The companies categorized under the Third Group Corporations are exempt from:

- a) submitting an Independent Board Members Candidates list, with the report of the Nomination Committee and the Resolution of the Board of Directors to the CMB at least 60 days in advance of the General Assembly Meeting,

- b) in the case of an independent membership becoming vacant, submitting an Independent Board Members Candidates list, with the report of the Nomination Committee and the Resolution of the Board of Directors to the CMB within 30 days as of the date that the independent membership becomes vacant.

In addition to this, in respect of the Manager of the Investor Relations Department of the Corporations set forth in the Third Group, it is required that he/she must be in possession of either the "Capital Market Activities Advanced Level License Certificate" and the "Corporate Governance Rating Specialist License" or solely the "Basic License On Capital Markets Activities".

Within the context of article 6 of the “Communiqué On Corporate Governance (II-17.1)”;

- a) a Number of Independent Board Members may be determined by the banks, provided that it is not less than three. Board Members who are appointed as an Audit Committee Member within the Bank's organizational structure shall be considered as an Independent Board Member within the framework of this Communiqué. The qualifications set forth in the principle numbered (4.3.6) shall not be required and the principle numbered (4.3.7) and (4.3.8) regarding the election of these members shall not be applied in respect of the Audit Committee Members of the banks.
- b) Qualifications set forth in the principle numbered (4.3.6) shall be required in any case in respect of the Independent Board Members who will not be appointed to the Audit Committee, and for at least one member in cases where all of the Independent Members of the Board of Directors are appointed to the Audit Committee and principles numbered (4.3.7) and (4.3.8) shall apply with regard to election of this Independent Member or these Independent Members.

Within this legal framework, ABank believes that, as part of Corporate Governance, having Independent Board Memberships will contribute in the development and strengthening of the Bank's activities and in adapting a more professional management attitude. Three (3) Members of the Bank's Board of Directors have Independent Board Member qualifications.

In ABank, the Audit Committee was established on 17 May 2004; the Corporate Governance Committee was established on 30 March 2005 and the Remuneration Committee was established on 19 September 2011. In addition to this, in 2012, the Early Identification and Management of Risk Committee (BRC) was established and by taking into consideration the structuring of the Board of Directors and the duties of the Bank's Independent Members and the committee responsibilities they currently undertake, the Board decided not to establish a separate Nomination Committee but to assign the responsibilities of this committee to the Corporate Governance Committee. Except for the Chairman of the Corporate Governance Committee, and the Chairman of the Early Identification and Management of Risk Committee, the Chairmen of these committees have been elected among the Bank's Independent Board Members.

At the Ordinary General Assembly Meeting, which took place on 1 August 2013, an amendment to article 75 of the Bank's Articles of Association was proposed and approved as follows:

“Corporate Governance Principles which are required to comply with by the Capital Markets Board will be complied with. Transactions done and Board of Directors resolutions taken without complying with the compulsory principles will be invalid and will be considered in violation to the Articles of Association.”

In addition, necessary actions, including the one regarding the composition of the Board of Directors were undertaken to ensure compliance with the corporate governance principles

Therefore, the Bank has complied with the “Corporate Governance Principles” published by the CMB within the 1 January 2014 – 31 December 2014 activity period, except the below indicated principles and some principles not obligatory to implement. There are no conflicts of interests due to matters summarized below which have not been implemented:

- According to article 4.6.5 of the “Corporate Governance Principles” salaries given to Board Members and Senior Level Executives and other benefits provided are announced to the public through the Bank’s Annual Report. However, the explanation given is not based on individuals but based on two categories as Board of Directors and Senior Level Managers.
- There is no separate “Investor Relations Department” formed within the Bank according to article 11 of the “Communiqué On Corporate Governance (II-17.1)”. Considering the average number of applications the Bank received within the specified period, the Bank has not found it necessary to establish an Investor Relations Department separate from other departments.
- According to the article no 1.2.1 of the “Corporate Governance Principle “section of the Articles of Association there is no objection against any specific audit to be undertaken. It was decided that shareholders can inform the Board Audit Committee on any suspicious matter which they want the Board Audit Committee to audit, and the Terms of Reference for the Board Audit Committee to be revised accordingly.
- There is no Company Policy regarding donations and charities as according to article 1.3.10 of the “Corporate Governance Principles” in ABank. However, with regards to donations and charities, limitations given in article 59 of the Banking Law No: 5411 and regulations done according to this article are being followed, and information regarding donations and charities done within the specified period are provided in the Bank’s Annual Report and at the Ordinary General Assembly Meeting in the form of a separate agenda item.
- A Dividend Policy has not been prepared and presented for approval at the Ordinary General Assembly of the Bank according to article 1.6.1 of the “Corporate Governance Principles”. However, the Board of Directors’ proposal regarding distribution of dividends is included in the Bank’s Annual Report and is presented for approval at the Ordinary General Assembly each year. In addition, the activities are done according to advice received by the BRSA.
- The Bank does not have a written Indemnification Policy towards its employees as is required according to article 3.1.2 of the “Corporate Governance Principles”.
- The Board has appointed Non-Executive Board Members as Chairmen for the Corporate Governance Committee and the Early Identification and Management of Risk Committee, with the aim to enhance the composition for these committees and benefit from experiences of the Chairmen and to align the relevant processes together with the Bank’s main shareholder, the Commercial Bank of Qatar while assuring full compliance with local regulations.

PART II – SHAREHOLDERS

2.1. Investor Relations Department

At the Board of Directors meeting held on 9 December 2014, and in line with article 11 of the “Communiqué On Corporate Governance (II-17.1)”, it was decided;

- not to form a separate Investor Relations Department, and to fulfill the duties of the Investor Relations Department by the Financial Control, Accounting, and, Regulatory and AML & CFT Departments jointly,
- to appoint Mr. Hamdi İlkey GİRGIN, who is the Head of Regulatory and AML & CFT Compliance Department, as the Manager of the Investor Relations function together with his existing duties and responsibilities, and to establish a reporting line from him to the Chief Financial Officer limited only to investor relations duties.

The above resolution was disclosed to the public on the PDP (Public Disclosure Platform) on 10 December 2014 within the framework of the CMB's regulation on material events.

Details of the appointed Investor Relations Manager alongside other personnel in charge of assisting in the Investor Relations Function are below:

Investor Relations Manager	Name and Surname	Hamdi İlkey GİRGIN
	Position	Regulatory and AML&CFT Compliance Department Manager
	1. License Type	Capital Markets Activities Level 3 (Advanced Level) License
	2. License Type	Corporate Governance Rating Specialist
Investor Relations Department Personnel	Name and Surname	Emrullah ALTUN
	Position	Accounting Department Manager

Records relating to the Bank’s shareholders are kept safely within the Accounting Department and are periodically updated. All work relating to the Ordinary General Assembly meetings are conducted by this department as well. Within the framework of the Bank’s Public Disclosure Policy, the disclosure task is under the responsibility of the Financial Control Department.

In 2014, there were 13 written information requests received by the Investor Relations Department. Information requests were relating to mid-term and year-end financial reports, the squeeze out process and stock analysis. All the questions asked by the shareholders that are not confidential have been replied to by protecting equality principles.

Investor relations activities have gained momentum with the publication of the CMB’s ‘Communique on Removing Shareholders from Partnership and Selling Rights (II-27.2)’ in the Official Gazette dated 12 November 2014 and numbered 29173. The Bank’s main

shareholder disclosed on the Public Disclosure platform (PDP) on 8 December 2014, that they would exercise their right of removing shareholders from partnership.

The report relating to the activities executed within the scope of the Investment Relations Department for the year 2014 will be submitted to the Board of Directors at its meeting to be held on 16 March 2015.

2.2. Shareholders' Information Request Rights

Information and meeting requests coming from shareholders and other beneficiaries are evaluated within the framework of the Bank's Disclosure Policy. All information sharing is realized within the scope of contents previously disclosed to the public. When it is necessary to disclose information that has not been announced to the public previously, on all matters determined within the framework of the Banking Regulations, the Capital Markets Regulations, the Turkish Commercial Law (TCL) and other related regulations, the subject is evaluated by a working group formed from the Financial Control Group Manager, Financial Control and Accounting Departments' Managers and Regulatory and AML & CFT Compliance Department Manager in collaboration with the Corporate Governance Committee. Questions directed to the Bank in this respect and all matters that are disclosed to the public go through the approval of the aforementioned working group.

Written questions are directed to the e-mail address of: yatirimciiliskileri@ABank.com.tr as long as they contain requests related to information disclosed to the public. Questions are answered in written form within 2 working days and all communications received at the e-mail address are recorded.

Questions asked by the shareholders that are not classified as confidential are answered within the framework of the principle of equality, and all matters that need to be disclosed to the public are announced on the Public Disclosure Platform (PDP).

The Bank's financial statements and their footnotes, are prepared and disclosed to the public in accordance with the "Regulations on Procedures and Principles related to Banks' Accounting Implementations and Document Retention", "Turkish Accounting Standards", "Turkish Financial Reporting Standards", attachments and comments related to these regulations and the Bank's records and related announcements.

An explanation has been given in the related section regarding disclosure done on the Bank's internet site (Part III / 3.1. Corporate Internet Site and Its Contents).

In the event that it is necessary for shareholders to use their rights, under the condition that the right to demand and evaluate information is previously used, although there is no provision in the Bank's Articles of Association regarding this, each shareholder can demand a special audit to examine certain events from the Ordinary General Assembly, even if it is not on the agenda. There is no regulation to obstruct execution of a special audit. The Bank's Management refrains from taking any action to obstruct execution of a special audit. The Bank acts in accordance with TCL's related provisions on the use of right to demand a special audit. Shareholders are to relay the matters they want to question and want to be examined to the Audit Committee and examination of the matter through this channel has been adopted as a principle and it has been decided for the Audit Committee to develop its working principles in this direction.

No request to appoint a special auditor has been received from the shareholders in 2014.

2.3. General Assembly Information

Ordinary General Assembly meetings take place within the framework of the Banking Law, Turkish Commercial Law and Capital Markets Law.

The information and documentation contained in article 1.3 of Part I. of the Corporate Governance Principles are available at the Bank's Headquarters and branches and are announced on the Bank's internet site a minimum three weeks (exclusive of the announcement and meeting days) in advance of the Ordinary General Assembly meeting.

The Ordinary General Assembly announcement is also disclosed to the public at PDP together with a newspaper announcement at least three weeks (exclusive of the announcement and meeting days) in advance of the meeting as required by the Turkish Commercial Law and Capital Market Regulations. Provisions of article 29 of the Capital Markets Law are implemented while inviting the shareholders with registered share certificates.

The right to vote by proxy has been given to shareholders. While the right to vote can be used by the shareholder, it can also be used by a third party as a proxy who is or is not a shareholder according to voting principles.

Ordinary General Assemblies meet, reserving the conditions where there are contrary provisions in the Turkish Commercial Law, with the participation of shareholders that represent at least one fourth of the Bank's capital either as themselves or by proxy and will make decisions with the majority of the existing votes.

According to the Bank's Articles of Association, in case the shareholders who own at least one twentieth of the Bank's paid-up capital make a written request by indicating their reasons for the request, it is compulsory for the Board of Directors to call an Ordinary General Assembly Meeting; and if the Ordinary General Assembly Meeting is to be held it is necessary to put the items that are requested to be discussed by the shareholders on the agenda.

Formalities relating to the participation in the Ordinary General Assembly Meeting are determined by the Board of Directors. Meetings are done both in physical and electronic environment according to the Turkish Commercial Law. Voting is done by either raising of hands or in a written form to be able to soundly determine openly the number of used votes or in the electronic environment. However, it is compulsory to hold written voting upon the request of shareholders that represent one tenth of those present at the meeting. An Electronic General Assembly system makes it possible for individuals who participate through electronic environment to submit their views and to vote, and this is being provided by the Central Registry Agency (CRA). The voting procedure is published on the internet site of the Bank.

Duties to ensure compliance with the Articles of Association in using the shareholder rights and ensuring usage of these rights is carried out by the Accounting Department.

All the shareholders, including minority and foreign shareholders, are treated equally at the Ordinary General Assembly meetings.

Each question a shareholder asks during the Ordinary General Assembly Meeting is answered in detail during or after the Ordinary General Assembly Meeting on condition that it is not classified as confidential.

Shareholders are informed about the amount and beneficiaries of donations and charities made during the specified period and any policy revisions on this subject under a separate agenda item during the Ordinary General Assembly Meeting.

The Bank's Ordinary General Assembly Meeting minutes are disclosed to the public through the material information disclosure and are also published on the Bank's internet site.

Decisions relating to amendments of the Articles of Association are taken during the Ordinary General Assembly Meeting.

The 2014 Ordinary General Assembly Meeting took place on 16 March 2014. The shareholders participated in the related Ordinary General Assembly personally or through their proxies in physical or electronic environment. There was no participation from the written or visual media. Shareholders used their right to ask questions and answers were given to related questions. Invitations to the meeting were published, as required by the Law and the Articles of Association and in a form to contain the agenda, by announcing it in the Turkish Trade Registry Gazette dated 27 February 2014 and numbered 8517 and, in Milliyet and Akşam newspapers dated 28 February 2014. In addition to this, notification was done by registered letter advising the date and the agenda of the meeting to the shareholders with registered share certificates and to the shareholders with bearer share certificates who have consigned their share certificates. From the examination of the list of attendees, it was observed that 615.341.447.127 shares out of the 620.000.000 shares were represented at the meeting.

There were no agenda proposals given by the shareholders during the Ordinary General Assembly Meeting done within the period.

2.4. Voting Rights and Minority Rights

The Bank's shares are not privileged shares. There is no company in reciprocal shareholding with the Bank.

Together with institution of Independent Memberships in the Board of Directors, the representation of minority rights have also been ensured in the Board of Directors.

2.5. Profit Share Right

The principles for profit distribution have been included in detail in the Bank's Articles of Association. Profit distribution is being done within the legal time periods based upon the recommendation of the Board of Directors subject to approval at the AGM on an annual basis

There are no privileged shares regarding the participation to profit distribution right.

2.6. Transfer of Shares

There is no provision in the Bank's Articles of Association limiting the transfer of shares. The Bank has no practice that obstructs free transfer of shares for acquisition except the regulations and limitations set forth in article 18 of the Banking Law no. 5411.

PART III – PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Internet Site and its Contents

ABank's internet site is at www.ABank.com.tr. There is also an English version of the Bank's internet site.

The Bank's internet site has been restructured with the aim to create easy accessibility of information to all beneficiaries under the Investor Relations section within the framework of the Public Disclosure Policy. Under this section, as indicated in article 2.1.1 of the "Corporate Governance Principles", the trade registry information; up-to-date information about the shareholders and management structure; the approved Articles of Association together with the date and numbers of the Turkish Trade Registry Gazettes in which amendments are published; material information disclosures; financial statements, annual reports, prospectuses and other documents for public disclosure; agendas of the Ordinary General Assembly meetings, lists of attendees and meeting minutes, form for proxy voting at the Ordinary General Assembly meeting; Policy of Information; the Banks' Ethical Principles; and Disclosure Policy and information for the Bank's investors to contact the Bank are included. Information relating to the Bank's mission and vision is also included on the Bank's internet site.

Necessary security measures have been taken to prevent changes being made to information published on the internet site.

3.2. Annual Report

The Bank's Annual Report includes information mentioned on the Corporate Governance Principles.

PART IV- BENEFICIARIES

4.1. Informing the Stakeholders

Stakeholder relationships provide a platform for the Board to take into account the concerns and objectives of the Bank's stakeholders in its decision making, which is fundamental to the achievement of the Bank's long term strategy and sustained growth. The Board is committed to continually uphold the rights of its stakeholders and ensure that stakeholders' interests are adequately considered in the legal and business decisions that the Bank will take.

Furthermore, the Bank adopts a process in managing an open and transparent dialogue and communication with its shareholders. Such process delineates the protocols that will be followed in communicating with stakeholders and the level and degree of information that

can be divulged. In addition, the Bank endeavors to maintain equitable and fair treatment of all its stakeholders. To promote ethical conduct, the Bank has a Bank-wide Code of Conduct which stipulates the ethical principles that each employee must demonstrate. Moreover, the Bank has in place a Whistle-blowing practice where employees and/or outsourced service providers can report issues without fear of reprisal.

The e-mail address of: yatirimciiliskileri@ABank.com.tr has been created for the stakeholders to forward all their questions and requests related to the Bank. The Head Office contact information and communication form that needs to be completed has also been included on the Bank's internet site.

Shareholders

A hallmark of an effective and transparent communication is one which puts emphasis on the integrity, timeliness and relevance of information provided but continually mindful that the level of information disclosed does not negate the Board's duty to protect the long-term sustainability of the Bank or provide unfair advantage to some shareholders over the others.

The Bank provides effective and candid communication with its shareholders, which enables them to understand the business, its financial condition and its operating performance trends.

Shareholders are informed through material information disclosures made on the PDP and through the Bank's internet site within the framework indicated in the Bank's "Information Disclosure Policy".

Customers

Necessary disclosures relating to the Bank's customers are done via face-to-face conversations and/or with the help of communication tools (phone, e-mail, SMS, ATM and Internet Banking messages). When necessary the Bank's customers are directly contacted via the Bank's branches, and the necessary information is given.

In addition, all information, news and announcements relating to the Bank are published on the Bank's corporate internet site.

Employees

All practices related to the Bank's employees are conducted according to the Labour Law and other relevant regulations. Labor contracts are prepared in written format.

Recruitment, Promotion and Dismissal Policies and other matters relevant to the Bank's employees are stated in the "*Bank's Ethical Principles and Working Rules Regulation*".

Work flow documents of all transactions done in the Bank's branches, detailed job description documents of all branch and General Directorate employees have been prepared. The procedures relating to the practices of the Bank and practice directions have also been prepared. Job descriptions, work flows, procedures, practice regulations and other documents have been posted on the Bank's internal internet environment named Aportal and NotesPortal for the easy access of the Bank's employees. In addition, general letters, announcements and

news regarding the Bank is shared with the Bank's employees on the Aportal and NotesPortal environments.

Regulatory and Supervisory Institutions

ABank emphasizes the need to fulfill information requests of all regulatory and supervisory institutions, especially BRSA, CMB, the Central Bank of the Turkish Republic (CBTR) and Borsa Istanbul A.Ş. (BİST) on time and with accuracy.

Communication mechanisms have been formed through both internal communication channels and also through the internet site outside of the Bank and through the Bank's branches for the stakeholders, to convey the Bank's transactions contradictory to regulations and that are unethical. In this respect, applications that come to the e-mail address of: yatirimciiliskileri@ABank.com.tr have been directed to the Manager of Regulatory and AML & CFT Compliance Department working under the Audit Committee. In addition, the distribution of correspondence that reaches the Bank's Correspondence Department, inside the Bank is carried out by the Regulatory and AML & CFT Compliance Department.

On the other hand, application forms of the Banks Association of Turkey Customer Complaints Arbitration Board are also available on the Bank's internet site and within the Bank's branches.

4.2. Participation of Stakeholders to the Management

ABank aims to ensure that its employees', shareholders' and customers' receive a high level of satisfaction. In this respect, expectations of all the stakeholders are determined and operational systems and policies are developed in order to fulfill these expectations.

All the Bank's employees are able to convey their proposals and comments through the Bank's intranet systems, namely Aportal and NotesPortal. These proposals and comments are forwarded to the related management levels by the Human Resources Department and the proposals found to be suitable are put into effect.

Stakeholders are able to participate in the management of the Bank by various committee meetings, Ordinary General Assembly Meeting(s), proposal system and using their rights to call a Board of Directors meeting. Systems that ensure participation of employees, shareholders and customers in the managerial processes are defined below:

EMPLOYEES	CUSTOMERS	SHAREHOLDERS
<ul style="list-style-type: none">• Committees	<ul style="list-style-type: none">• Customer proposal system (all kinds of proposals are relayed through the internet or branches and are evaluated)	<ul style="list-style-type: none">• General Assembly
<ul style="list-style-type: none">• Proposal System		<ul style="list-style-type: none">• Board of Directors

4.3. Human Resources Policy

The Bank provides fair and equitable policies geared towards attracting, retaining and motivating employees which is a key element in the efficient operation of its business. Such policies also capture sound personnel administration practice and maintenance of competitive remuneration and welfare packages to employees.

The Bank is committed to:

- Recruit and retain highly qualified and competent candidates through a cost-effective recruitment process;
- Comply with all legal obligations and its own internal regulations relating to hiring, employee administration and termination of employment;
- Provide fair, equitable and transparent treatment of all employees;
- Follow a consistent and competitive compensation and benefits structure throughout the Bank;
- Implement a fair promotion mechanism which recognizes and rewards excellent employee performance;
- Improve employee performance, correct deficiencies, build on strengths and improve organizational effectiveness through a formal performance appraisal system; and
- Promote knowledge sharing and learning across the Bank and facilitate knowledge growth.

Career Management

High performing and successful employees are given the opportunity to progress to the executive management level of the Bank, and attention is given to develop the Bank's Managers to the highest possible level using the Bank's own human resources pool.

All horizontal and vertical career opportunities are firstly announced to the Bank's employees. With the "Open Works Project", the Bank offers opportunities to all its employees in their career planning. For positions which are not filled within the Bank's internal human resources pool, applications are taken via the Bank's internet site, career portals and by e-mail. All applications are recorded on the internal human resources database. These records are kept for one year. For the needs arising from the Bank's annual workforce planning or vacancies that may occur, primary interviews are done with candidates with the appropriate skills recorded on this database.

As part of the Bank's "Long-Term Internship Program", internship opportunities are given to candidates that have just graduated from Economics, Business and Engineering departments, and have a good level of English literacy. At the end of examinations, interviews are conducted and successful candidates are offered up to six months on-the-job training opportunities at the Bank's headquarters and branches. At the end of the internship program, selected internees are able to continue their work as permanent employees.

Performance Management

The performance management system of the Bank has been designed to improve the success and to also support continuous development of the Bank. It is an open system based on concrete and measurable targets. At the beginning of each year, the given targets are

monitored, evaluated, and compared with the year-end figures together with competencies. Evaluation results are shared with the individuals and are used as data in training and career planning work. Promotion decisions are taken by the Personnel Committee in line with the performance data of the employee. As well as considering the individual performance and the Bank's performance, each year the Bank decides on the bonus payments to employees.

Compensation Management

In order to keep the motivation of the Bank's employees at the highest level, the Bank monitors both country and internal developments, and carries out a salary review dependent on the principles of fairness, to respond to the needs of its employees.

The Bank's compensation practices are monitored by the Remuneration Committee on behalf of the Board of Directors. The Remuneration Policy is reviewed at least once a year to ensure the effectiveness of it.

Training

The Bank carries out its training and development activities under the title of "ABank Development Center" and on 3 July 2013 the concept of "Everything for Development" was realised.

Adopting the vision of "being an innovative and solution oriented development center, supporting development of its employees at the highest level", the ABank Development Center offers innovative development solutions in line with global trends which are different to the classical training approach.

The main objectives of the ABank Development Center is to ensure that the Bank's objectives, strategies and working principles work in parallel with the training and development activities, as well as supporting the vision that customers make it their bank of choice. The Bank invests in development of its employees, strengthening its values and leadership skills.

The ABank Development Center combines all the training needs of ABank's employees from development programs specific to departments, distance training, to special programs prepared in collaboration with universities which provides training to at least 10% of the total number of employees at any one time.

Training and development programs carried out by the ABank Development Center are given below:

ORIENTATION PROGRAMS	COLLABORATION WITH UNIVERSITIES
These programs are presented to new employees according to their needs and responsibilities that they carry out within the Bank.	A variety of certificate and tailor-made programs organized in cooperation with leading universities.

BANKING TRAINING	PERSONAL DEVELOPMENT TRAINING
With the help of this training, the expertise and technical knowledge of the Bank's employees are improved.	This training is designed to develop competencies in areas such as coping with stress, effective time management and personal brand management.

LEADERSHIP AND TALENT MANAGEMENT PROGRAMS	DISTRANCE LEARNING TRAINING
These programs are designed specifically for Managers and skilled employees.	This training is for new products and on main issues of the Bank and they can be taught by distance learning / e-learning tools.

Working Environment

When it is considered that a significant part of employees lives are spent in the workplace, it becomes clearly visible the level that the working environment impacts a person's work productivity. ABank, by acting with this consciousness, gives importance to ensure the best environment to its employees.

ABank's Management gives importance to its employees and keeps all channels open to its employees at all times. Each ABank employee knows that he/she can reach executive management easily. Instead of working in a strict hierarchical structure, he/she works with a management team that expects the work to be done in the best way possible and adopts working with his/her employees as a team as its principle.

Information regarding all practices that involve the Bank's employees is published over the intranet through the Aportal and NotesPortal. All employees can access policies, procedures and a wide range of information and issues by using the Aportal and NotesPortal, and they can forward their suggestions to the Human Resources and Organization, Business Development and Service Quality Departments. Employee proposals are evaluated and suitable ones are implemented.

All employees working in the Bank are able to relay their requests/suggestions to the Management clearly. With the proposal/award system developed for this, all requests/suggestions are forwarded to the Organization, Business Development and Service Quality Department. Employee proposals are recorded within this department and are then evaluated and suitable ones are implemented every six months.

For "Occupational Health and Safety", risk evaluation of all the Bank's branches and headquarter locations have been done and actions relating to the risk evaluation results have commenced. In this context, first aid training and occupational health and safety training has been provided to all the Bank's employees. The Occupational Health and Safety Board have

been formed and Employee Representatives have been elected. Employee Representatives are authorized to participate and monitor activities related to Occupational Health and Safety, and they are requested to take measures to reduce any risks arising.

No complaints have been received by the Human Resources Department that there has been any unfair treatment in any way for any reason in the work place.

4.4. Ethical Rules and Social Responsibilities

The Bank, as a responsible corporate citizen, recognizes its social responsibility to integrate business values and operations to meet the expectations and needs of its stakeholders. The Bank is committed to promoting sustainable development, protecting and conserving human life, health, natural resources and the environment and adding value to the communities in which it operates and executes policies that are respectful to the country's laws, to all sectors and the environment. In 2011, the Bank formed the "Social and Environmental Risk Management Procedure", and the necessary training on this issue has been given to the Bank's employees and has also been included in the credit allocation processes.

With the procedure firmly established, the principles to identify and evaluate social and environmental risks emanating from financing provided by the Bank have been formed. Objectives of the procedure are to form the evaluation principles and criteria of social and environmental impacts of individuals or projects to be credited. It can then be determined whether necessary to take action in cases where inconsistent situations to these criteria appear. The aim is to determine the authority and responsibilities of the Bank's employees and observation of the Bank's Social and Environmental Risk Management Procedure and to determine the rules related to their reporting.

At ABank, we put emphasis on the matter of keeping the negative effects of the activities of real and legal entities that credit facilities are extended to at a minimum level in terms of public health and safety.

There is no contradiction to the environmental regulations on the Bank's activities and the Bank has not faced any legal sanction on this matter.

A summary of the Bank's ethical rules have been disclosed to the public through the Bank's internet site.

PART V – BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors

Board Members, according to article 32 of the Articles of Association, are elected for a maximum of three years. Re-election of the Members who have completed their term is permissible. Duties that Board Members will take outside of the company are done within the limits of the Banking Law. The necessary permission has been given to the Members to conduct transactions according to articles 395 and 396 of the Turkish Commercial Law no. 6102 at the Ordinary General Assembly meeting that took place on 24 March 2014.

The Bank's Chief Executive Officer is a Member of the Board of Directors.

ABank believes that, as part of Corporate Governance, having Independent Board Members will contribute in the development and strengthening of the Bank's activities and in adapting a more professional management approach. Three (3) members of the Board of Directors have Independent Board Member qualifications. There are three (3) female Board Members on ABank's Board, and the proportion of female Members is 23%. ABank's Board consists of 13 members in total, and information regarding ABank's Board Members is detailed below:

MEMBER	POSITION	TERM OF OFFICE	EDUCATIONAL STATUS
Tuncay Özilhan	Chairman	18 years	Post Graduate
Ömar Hussain I H Al-Fardan	Deputy Chairman	3 months	Post Graduate
Fahad Abdulrahman Badar	Member	1 year	Post Graduate
Nicholas Charles Coleman	Member	1 year	Post Graduate
Didem Çerçi	Independent Member	4 years	Graduate
İzzat Dajani	Member	1 year	Post Graduate
Mohd Ismail M Mandani Al-Emadi	Member	3 months	Post Graduate
Bahattin Gürbüz	Independent Member	4 years	Graduate
İpek Nezahat Özkan	Member	1 year	Post Graduate
Kemal Semerciler	Independent Member	5 years	Graduate
Andrew Charles Stevens	Member	1 year	Post Graduate
Meriç Uluşahin	Member and CEO	9 months	Graduate
Mehmet Hurşit Zorlu	Member	6 years	Graduate

The Board of Directors is composed of Non-Executive Members apart from the Chief Executive Officer.

Although there are no rules formed by the Bank about the Members of the Board of Directors who take other positions outside the Bank, the relevant regulations stipulated in the Corporate Governance Principles and the Banking Law are obeyed.

Two (2) independent Board Members were nominated by the Corporate Governance Committee in the Ordinary General Assembly Meeting held in 2014; the Corporate Governance Committee Reports dated 26 February 2014 and 12 March 2014 regarding whether or not the candidates meet the independence criteria were submitted to the Board of Directors meetings held on 28 February 2014 and 14 March 2014 respectively. The above-mentioned process was not applied for the Head of the Audit Committee, Mr. Kemal Semerciler, as Board Members who are appointed as an Audit Committee Member within the Bank's organizational structure shall be directly considered as an Independent Board Member within the framework of the Communiqué on Corporate Governance (II-17.1)

The independence declarations of Mr. Bahattin Gürbüz and Mrs. Didem Çerçi who were appointed as Members of the Board at the Ordinary General Assembly Meeting held on 24 March 2014 were taken on 24 February 2014 and 10 March 2014 respectively.

Tuncay Özilhan
Chairman

Date of First Appointment	01.04.1996
Current Period of Office	1 Year
Status on Board	Non-Executive

Mr Ozilhan was born in 1947 in Kayseri. Tuncay Özilhan graduated from Saint Joseph High School, Istanbul, and Istanbul University, Faculty of Economics, before obtaining his Master's Degree at Long Island University, USA. After working at Erciyas Biracılık ve Malt Sanayii A.Ş. as General Manager, Mr. Özilhan became the Beer Group Coordinator at Anadolu Group, followed by General Coordinator, before finally being appointed Anadolu Group Executive Chairman in 1984. Mr. Özilhan, who rose to the position of Chairman of the Board of Directors of the Group in 2007, continues to serve as Chairman of the Board in many of the Group companies in addition to ABank, which joined Anadolu Group in 1996. From 2001 to 2003, Mr. Özilhan served as Chairman of TÜSİAD (Turkish Industrialists' and Businessmen's Association). Currently, he is the Vice Chairman of TÜSİAD High Counsel, member of the Board of Directors at DEİK (Foreign Economic Relations Board), Chairman of the Turkish – Russian Executive Business Council of DEİK, Estonian Honorary Consulate General and President of the Anadolu Efes Sports Club.

Offices Held outside the Bank by Mr. Tuncay Özilhan

Anadolu Endüstri Holding A.Ş., Chairman
Özilhan Sınai Yatırım A.Ş., Shareholder – Vice Chairman
Anadolu Efes Biracılık ve Malt Sanayii A.Ş., Chairman
Efes Pazarlama ve Dağıtım Tic. A.Ş., Chairman
Tarbes Tarım Ürünleri ve Besicilik San. ve Tic. A.Ş., Chairman
Coca-Cola İçecek A.Ş., Chairman
Coca-Cola Satış ve Dağıtım A.Ş., Chairman
Anadolu Isuzu Otomotiv San. Ve Tic. A.Ş., Board Member
Anadolu Isuzu Dış Tic. ve San. A.Ş., Board Member
Ant Sınai ve Tic. Ürünleri Paz. A.Ş., Chairman
Çelik Motor Tic. A.Ş., Board Member
Anadolu Araçlar Tic. A.Ş., Board Member
Anadolu Otomotiv Dış Tic. ve San. A.Ş., Board Member
Anadolu Motor Üretim ve Pazarlama A.Ş., Board Member
Anadolu Elektronik Aletler Paz. ve Tic. A.Ş., Chairman
Antek Teknoloji Ürünleri Paz. ve Tic. A.Ş., Chairman
Adel Kalemcilik Tic. ve San. A.Ş., Board Member
Ülkü Kırtasiye Tic.ve San. A.Ş., Board Member
Ana Gıda ve İhtiyaç Mad. San. ve Tic. A.Ş., Chairman
Hamburger Restoran İşletmeleri A.Ş., Board Member
Alternatif Finansal Kiralama A.Ş., Chairman
Anadolu Kafkasya Enerji Yatırımları A.Ş., Chairman
Anadolu Termik Santralleri Elektrik Üretim A.Ş., Chairman
AES Elektrik Enerjisi Toptan Satış A.Ş., Chairman
Anadolu Taşıt Tic. A.Ş., Chairman
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. Tic. A.Ş., Chairman
AEH Sigorta Acenteliği A.Ş., Chairman
AEH Anadolu Gayrimenkul Yatırımları A.Ş., Chairman
Anadolu Eğitim Ve Sosyal Yardım Vakfı, Chairman
Anadolu Eğitim ve Sos.Yardım Vakfı Sağlık Tes. İktisadi İşlet., Chairman

Anadolu Efes Spor Kulübü Derneği, Chairman
Keyif Yiyecek Eğlence Hizmetleri A.Ş., Chairman

Omar Hussain I H Al-Fardan

Vice Chairman

Date of First Appointment	16.09.2014
Current Period of Office	6 Months
Status on Board	Non-Executive

Mr. Al-Fardan is the President and CEO of Alfardan Group, one of the most successful privately owned family businesses in Qatar and across the region. Mr. Al-Fardan, who holds a Bachelor's Degree in Business Administration and a Master's Degree in Finance from Webster University in Geneva Switzerland, sharpened his business insight over the years under the guidance of his father the renowned businessmen Mr. Hussain Ibrahim Al-Fardan. As a distinguished businessman with a visionary approach, Mr. Al-Fardan played a vital role in the Group's sustained growth, success and strategic expansion into diversified business sectors in Qatar and the region. Mr. Al-Fardan is a fervent supporter of charitable, social and human enhancement programs. Mr. Al-Fardan joined ABank in September 2014.

Offices held outside the Bank by Mr. Omar Al-Fardan

Alfardan Group Holding, Qatar - President and Chief Executive Officer
Alfardan Properties Co. S.O.C., Qatar - President and Chief Executive Officer
Alfardan Hotels and Resorts W.L.L., Qatar - President and Chief Executive Officer
Alfardan Hospitality Co. S.O.C., Qatar - President and Chief Executive Officer
Alfardan Automobiles Company S.O.C., Qatar - President and Chief Executive Officer
Alfardan Sports Motors Company S.O.C., Qatar - President and Chief Executive Officer
Alfardan Premier Motors Company S.O.C., Qatar - President and Chief Executive Officer
Prestige Cars Company S.O.C., Qatar - President and Chief Executive Officer
Alfardan Motorcycles, Qatar - President and Chief Executive Officer
Auto Future Tech, Qatar - President and Chief Executive Officer
Alfardan Jewellery, Qatar and Saudi Arabia - Board Member
Alfardan Investment, Qatar - Board Member
Alfardan Marine Services, Qatar - Board Member
The Commercial Bank of Qatar (Q.S.C.) - Board Member
United Arab Bank (P.J.S.C.), UAE - Vice Chairman
Qatar District Cooling Q.S.C.C., Qatar - Chairman
United Development Company (p.s.c.), Qatar - Board Member
American University Beirut - Trustee
Qatar Red Crescent Society - Board Member
Alfardan Properties Management L.L.C., Oman - President and Chief Executive Officer
Alfardan Motors L.L.C., Oman - President and Chief Executive Officer
Ghada Jewellery Company S.O.C., Qatar - Board Member
Al Manara Trading Company S.O.C., Qatar - Board Member
Al Jazeera Resorts Company S.O.C., Qatar - Board Member
Wahat Al Shafalahiya S.O.C., Qatar - Board Member
Alfardan Holding Company S.A.O.C., Oman - Board Member
Alfardan Trading Company Limited, Saudi Arabia - Board Member
Arabian Agencies Company, Qatar - Director
Savings Development Company LLC, Qatar - President
Marsarabia Cayman Islands - Director

Consult Overseas Ltd, Cayman Islands - Director
 Consult Overseas LA, Liechtenstein - Director
 Garage Zenith S.A., Switzerland - Director
 Perlier Investment Swiss Holding S.A., Switzerland - Director
 Perlier Investment Ltd., Cayman Islands - Director
 La Plage South Ltd, Cayman Islands - Director
 Construction Development Co., Qatar - Director
 Arabian Agencies Company, Qatar - Director
 Savings Development Company LLC - President
 Chant Sur Lac, France - Director

Fahad Abdulrahman Badar
Board Member

Date of First Appointment	01.08.2013
Current Period of Office	1 Year
Status on Board	Non-Executive

Mr. Badar graduated from the University of Wales with a B.A. in Banking & Finance. He then obtained his MBA from Durham University, UK in 2006. Mr. Badar has been with The Commercial Bank of Qatar (Q.S.C.) for the past 15 years, where he has undertaken different roles in Operations and Cards, before joining Retail Banking as a Branch Manager in 2004. In 2007, he joined the International Banking Division where he worked on several transactions with Multinational Companies (MNCs) and GCC corporates, such as USD 100 million working capital facilities and QAR 515 million contract financing facilities. Subsequently, he assumed the role of Head of Government and Public Sector Relations, managing the various corporate banking requirements of this customer segment. In 2011, he assumed the role of Executive General Manager (EGM), Government & International Banking, handling the International Banking corporate portfolio, MNCs operating in Qatar, Financial Institutions Group, and Government & Public Sector relations. In 2013, he was appointed as Head of Wholesale Banking, and his role expanded to further include Domestic Corporates, Transaction Banking and Structured Finance. Mr. Badar was recently appointed in December 2014 as Executive General Manager, International Banking looking after the Bank's international operations. Mr. Badar joined ABank as a Board Member in August 2013.

Offices held outside the Bank by Mr. Fahad Badar

The Commercial Bank of Qatar (Q.S.C.) - Executive General Manager, International Banking

Nicholas Charles Coleman
Board Member

Date of First Appointment	08.07.2013
Current Period of Office	1 Year
Status on Board	Non-Executive

Mr. Coleman served as the Group Chief Financial Officer for The Commercial Bank of Qatar (Q.S.C.) from 2008 to the end of 2013. Previously he held CFO roles in London with Morgan Stanley, The Bank of New York, Royal Bank of Scotland and National Westminster Bank, and also worked for Arthur Young in Kuwait. Mr. Coleman has 28 years' experience

as a seasoned banker. He graduated from London Guildhall University with a BA (Hons) in Economics and is a Fellow of the Institute of Chartered Accountants in England and Wales.

He was appointed to the Board Of United Arab Bank (P.J.S.C.) in the UAE in 2011 and joined ABank as a Board Member in July 2013.

Offices held outside the Bank by Mr. Nicholas Coleman

United Arab Bank (P.J.S.C.), UAE - Board Member
Alternatif Finansal Kiralama A.Ş., Board Member
Alternatif Yatırım A.Ş., Board Member
Alternatif Portföy Yönetimi A.Ş., Board Member
Tasfiye Halinde Alternatif Yatırım Ortaklığı A.Ş., Board Member

Didem Cerçi

Board Member

Date of First Appointment	30.03.2011
Current Period of Office	1 Year
Status on Board	Independent

Mrs. Çerçi was born in Istanbul in 1966. She graduated from the Business Administration Department of Bogazici University. She started her career as a Product Manager at Bekoteknik Industry/Koç Holding in 1990. She then went on to as a Marketing Officer in the Corporate Banking Department of İktisat Bankası between the years of 1991 - 1994. Afterwards she served as an Executive within the Corporate Banking Department of WestLB, Demirbank, Ulusal Bank and İktisat Bankası. At the same time, she served as a Member of the Board of Directors at Interbank Card Center, İktisadi Yatırım Menkul Değerler and Kablonet İletişim Sistemleri. In 2002, she was appointed as Regional Manager, Group Manager and Assistant General Manager within the Commercial Banking Department of INGBANK A.Ş. as well as serving as a Member of the Board of Directors at ING Factoring and ING Leasing. Mrs. Çerçi, who was appointed as Finance Director of Aras Holding in 2011, has been serving as a Member of the Board of Directors of ABank since April 2011.

Offices Held outside the Bank by Mrs. Didem Çerçi

Aras Holding, Group Coordinator
Alternatif Yatırım A.Ş., Board Member

Izzat Dajani

Board Member

Date of First Appointment	18.07.2013
Current Period of Office	1 Year
Status on Board	Non-Executive

Mr. Dajani has an MPA from Harvard University and completed the Executive Management Program at the Graduate School of Business, Stanford University. He also holds a BSc in Pharmacy from Liverpool School of Pharmacy and is a Founding Member of the Royal Pharmaceutical Society of Great Britain. Mr. Dajani has leadership roles in private equity and

corporate and financial advisory for investment initiatives and businesses within MENA, Europe and Asia. He is Chairman of Board Corporate Governance Committee of ABank; Chairman of FEBC International in UAE; Member of the Non-Executive Advisory Board Practice of Boyden Middle East; and Governor of Capital Club of UAE. He is also Honorary Consul of The Republic of Seychelles in Jordan. Mr. Dajani served as Chairman and Chief Executive Officer of Citibank in Qatar, and Managing Director of the bank. He was previously Head of Key & Priority Clients of the Investment Management Division at Goldman Sachs, based in Dubai. Mr. Dajani was the founding Chief Executive of the Investment & Development Office of the Government of Ras Al Khaimah (RAK) in UAE. leading major Investment activities of this Sovereign Wealth Fund, and helped streamline multi-billion dollar investments into the emirate. Mr. Dajani was appointed Chairman and Board Member of various large corporations in real estate, hospitality, oil & gas, industrials, education and healthcare. He was also Senior Vice President of Rasmala Investments, Director of Start Consult, and Head of Union Trust.

Offices Held outside the Bank by Mr. Izzat Dajani

FEBC International, United Arab Emirates, Chairman
Practice of Boyden Middle East, Member of the Non-Executive Advisory Board
Capital Club of UAE, Governor

Mohd Ismail M Mandani Al-Emadi Board Member

Date of First Appointment	16.09.2014
Current Period of Office	6 Months
Status on Board	Non-Executive

Mr. Al-Emadi graduated from Holy Names College, California with a Bachelor of Arts degree in Business Administration and Economics and has over 30 years of banking experience. Mr. Al-Emadi has held a number of key roles at The Commercial Bank of Qatar (Q.S.C.) from 1982 until 2007, after which he served as Chief Executive Officer of Qatar Real Estate Investment Company up to 2011 and also served as its Director from 2003 until 2005. Mr. Al-Emadi has also served as a Board Member for Doha Securities Market, Qatar from 2000 to 2003; Qatar Shipping Co. (Q.S.C.), from 2000 to 2006; and Mannai Corporation Co. (Q.S.C.), Qatar from 2001 to 2004. Mr Al-Emadi currently serves as a Board Member of The Commercial Bank of Qatar (Q.S.C.), the National Bank of Oman (S.A.O.G.) and Qatar Cinema and Film Distribution (Q.S.C.). Mr. Al-Emadi joined ABank in September 2014.

Offices held outside the Bank by Mr. Mohd Al-Emadi

The Commercial Bank of Qatar (Q.S.C.) - Board Member
Qatar Cinema & Film Distribution - Board Member
National Bank of Oman (S.A.O.G.) - Board Member

Bahattin Gürbüz Board Member

Date of First Appointment	30.03.2011
Current Period of Office	1 Year
Status on Board	Independent

Mr Gürbüz graduated from Middle East Technical University, Department of Political Sciences and Public Administration. He also holds an executive MBA from Kavrakoğlu Management Institute. Mr. Gürbüz began his professional career at Türkiye İş Bankası, Kayseri in the Export-Import and Foreign Operations Department. In 1983, he joined the Turkish Foreign Trade Bank as an Inspector and held various positions from 1983 to 2004. Between 1997 and 2004, he served as a Member of the Board of Directors at Dış Factoring, Dış Leasing and Dışbank Malta. During the same period, he was also the Executive Member of the Board of Poliport Kimya Sanayi. From 2004 until 2005, he worked as a Consultant to the Turkish Foreign Trade Bank. In 2006, he became a Member of the Supervisory Board of D Commerce Bank AD, Bulgaria in addition to serving as a Consultant to Alfa Group Companies. In April 2011, he joined ABank as a Board Member.

Offices Held outside the Bank by Mr. Bahattin Gürbüz

D Commerce Bank, Board Member
Alternatif Finansal Kiralama A.Ş., Board Member
Tasfiye Halinde Alternatif Yatırım Ortaklığı A.Ş., Board Member

İpek Nezahat Özkan **Board Member**

Date of First Appointment	18.07.2013
Current Period of Office	1 Year
Status on Board	Non-Executive

Mrs Ozkan graduated from Oglethorpe University with a major in Economics and a minor in Accounting. She completed her MBA in New York University. She started her career in 1997 as an Assistant Specialist in Global Menkul Değerler A.Ş. She also worked at Merrill Lynch London in the same position. In 2001, she joined AIG Blue Voyage Fund Ltd. in Istanbul as a Specialist. In 2005, she moved to Efes Beer Group as a Manager and stayed in the Group for the following three years. She continued her career at Pine Bridge Investments in İstanbul as an Executive Assistant General Manager between April 2008 - May 2013. She joined ABank as a Board Member in July 2013.

Offices Held outside the Bank by Mrs. İpek Nezahat Özkan

Alternatif Finansal Kiralama A.Ş., Board Member

Kemal Semerciler **Board Member**

Date of First Appointment	31.03.2010
Current Period of Office	1 Year
Status on Board	Independent

Mr. Semerciler graduated from Uludağ University, Faculty of Economic and Administrative Sciences. He started his professional career in 1981 at Yapı Kredi Bankası (YKB) as an Inspector. Mr. Semerciler held various managerial positions in the Financial Control Department, Accounting Department, Board of Inspectors at YKB and served as Assistant General Manager responsible for Compliance between 2006 and 2008. From 2008 until

2009, he worked as a Consultant to the CEO at YKB. During his tenure, he also held various board member and auditor positions at several YKB affiliates. In March 2010, Mr. Semerciler joined ABank as a Board Member. **Offices Held outside the Bank by Mr. Kemal Semerciler**

Alternatif Finansal Kiralama A.Ş., Board Member
 Alternatif Portföy Yönetimi A.Ş., Vice Chairman
 Alternatif Yatırım A.Ş., Board Member
 Alternatif Yatırım Ortaklığı A.Ş., Board Member

Andrew Charles Stevens

Board Member

Date of First Appointment	01.08.2013
Current Period of Office	1 Year
Status on Board	Non-Executive

Mr. Stevens graduated from Birmingham University in 1980 with a B.Com (Hons) in Banking and Finance. Mr. Stevens began his career in banking in 1980 with Standard Chartered Bank Group, initially working in their office in Ireland, and subsequently seconded to the Group’s offices in Hong Kong, Bahrain and then Uganda. Mr. Stevens joined The Commercial Bank of Qatar (Q.S.C.) (CBQ) in 1989; in 1992 he was appointed Manager–Consumer Banking, AGM–Retail Banking in 1994, and General Manager in 2001. In 2005 Mr. Stevens was appointed as Chief Executive Officer of CBQ and was subsequently promoted to Group CEO from 2008-2014 following execution of CBQ’s regional expansion strategy. In 2014 Mr. Stevens retired from executive management of CBQ and is now Advisor to the Board of Directors of CBQ as well as a Director of the National Bank of Oman (S.A.O.G.), United Arab Bank (P.J.S.C.) in the UAE and CBQ Finance Limited; Chairman of Orient 1 Limited; and Director of QIC International LLC. Mr. Stevens joined ABank as a Board Member in August 2013.

Offices held outside the Bank by Mr. Andrew Stevens

United Arab Bank (P.J.S.C.), UAE - Board Member
 National Bank of Oman (S.A.O.G.) - Board Member
 CBQ Finance Limited, Bermuda - Vice Chairman
 Orient 1 Limited - Chairman
 QIC International LLC, Qatar - Director
 Alternatif Finansal Kiralama A.Ş., Turkey - Vice Chairman
 Alternatif Yatırım A.Ş., Turkey - Chairman

Meriç Uluşahin

Board Member and CEO

Date of First Appointment	27.03.2014
Current Period of Office	1 Year
Status on Board	Executive, CEO

Mrs. Uluşahin graduated from the Department of Economics at Boğaziçi University. Mrs. Uluşahin joined the Bank as the Chief Executive Officer and a Member of the Board in April 2014. She began her banking career at Akbank in 1987. She worked as a Manager of the

Treasury Department at Demirbank between the years 1990 and 2000. Then, she became the EVP responsible for the Treasury at Ulusal Bank in 2000 and worked there till 2001. She joined Şekerbank in 2002 where she served as EVP in the Treasury Department from 2003 to 2008, and as the General Manager from 2008 to 2014. She also served as the Vice Chairman at Şeker Yatırım between the years 2002 and 2014, the Chairman at Şekerbank Kıbrıs Limited from 2008 to 2014, the Vice Chairman at Şeker Lease between the years 2008 and 2014, and the Chairman at Şeker Mortgage from 2012 to 2014

Offices held outside of the Bank by Mrs. Meriç Uluşahin

Alternatif Finansal Kiralama A.Ş., Board Member
Alternatif Yatırım A.Ş., Board Member
Alternatif Portföy Yönetimi A.Ş., Board Member
Tasfiye Halinde Alternatif Yatırım Ortaklığı A.Ş., Board Member
Araştırma Destek Eğitim Vakfı, Chairman

Mehmet Hürşit Zorlu

Board Member

Date of First Appointment	28.04.2008
Current Period of Office	1 Year
Status on Board	Non-Executive

Mr. Zorlu holds a BSc degree in Economics from Istanbul University. Prior to joining Anadolu Group in 1984, he held various positions at Toz Metal and Turkish Airlines. Mr. Zorlu joined Anadolu Group as a Marketing Specialist in the Efes Beverage Group and held various positions including Assistant Marketing Manager, Assistant Project Development Manager, Project Development Manager and Business Development & Investor Relations Director. He served as Chief Financial Officer (CFO) of Efes Beverage Group from 2000 until 2008 and CFO of Anadolu Group between 2008 and 2013. In January 2013, Mr. Zorlu was appointed Deputy CEO of Anadolu Group. Currently acting as Board Member in various Anadolu Group companies, Mr. Zorlu also serves as Board Member in several organizations such as TKYD, TÜYİD and TEİD.

Offices Held outside the Bank by Mr. Mehmet Hürşit Zorlu

Anadolu Efes Biracılık ve Malt San. A.Ş., Board Member
Efes Pazarlama ve Dağıtım Tic. A.Ş., Board Member
Tarbes Tarım Ürünleri ve Besicilik San. Ve Tic. A.Ş., Board Member
Coca Cola İçecek A.Ş., Board Member
Coca Cola Satış ve Dağıtım A.Ş., Board Member
Çelik Motor Tic. A.Ş., Board Member
Anadolu Motor Üretim ve Pazarlama A.Ş., Board Member
Anadolu Elektronik Aletler Pazarlama ve Tic. A.Ş., Board Member
Antek Teknoloji Ürünleri Pazarlama ve Tic. A.Ş., Board Member
Adel Kalemcilik Tic. ve San. A.Ş., Board Member
Anelsan Anadolu Elektronik ve Tic. A.Ş., Board Member
Ana Gıda İhtiyaç Maddeleri San.ve Tic. A.Ş., Board Member
Hamburger Restoran İşletmeleri A.Ş., Vice Chairman
Anadolu Bilişim Hizmetleri A.Ş., Board Member
Efestur Turizm İşletmeleri A.Ş., Board Member
Alternatif Finansal Kiralama A.Ş., Board Member

Alternatif Yatırım A.Ş., Vice Chairman
Alternatif Portföy Yönetimi A.Ş., Board Member
Alternatif Yatırım Ortaklığı A.Ş., Board Member
Anadolu Kafkasya Enerji Yatırımları A.Ş., Board Member
Anadolu Termik Santralleri Elektrik Üretim A.Ş., Board Member
AES Elektrik Enerjisi Toptan Satış A.Ş., Board Member
Anadolu Taşıt Ticaret A.Ş., Board Member
Aslancık Elektrik Üretim A.Ş., Chairman
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. Tic. A.Ş., Board Member
AEH Sigorta Acenteliği A.Ş., Vice Chairman
AEH Anadolu Gayrimenkul Yatırımları A.Ş., Board Member
Polinas Plastik ve Ticaret A.Ş., Vice Chairman
Anadolu Eğitim ve Sosyal Yardım Vakfı, Board Member
Anadolu Eğitim ve Sos. Yardım Vakfı Sağlık Tes. İktisadi İşlet., Board Member
Anadolu Efes Spor Kulübü Derneği, Board Member
Keyif Yiyecek Eğlence Hizmetleri A.Ş., Board Member
Faber Castell Anadolu, Board Member
Nuroll SPA, Vice Chairman
Georgia Urban Energy Ltd., Board Member
CJSC Moscow Efes Brewery, Board Member

5.2. Operating Principles of the Board of Directors

The Board is entrusted by the shareholders with the authority to govern the Bank, oversee its operations and provide effective governance over the Bank's key affairs, including the appointment of Executive Management (as well as establishing compensation, performance evaluation and ensuring succession planning), setting the Bank's vision and mission, approval of business strategies and objectives, evaluation of performance and assessment of major risks facing the Bank, and ensuring compliance with related laws and regulations as well as the Bank's Articles of Association.

In order to provide an organized and focused means of achieving the Bank's goals and to properly address issues in a timely manner, the Board has set up Board Committees in accordance with leading practices and applicable local governance regulations. In addition, the Board has assigned the day-to-day management of the Bank to the Executive Management subject to clear instructions and within the bounds of their delegated authority.

Each Board Member exercises the fiduciary duties of care, loyalty and compliance with the rules set out in applicable laws and regulations. At all times, the Board Members are expected to act on an informed basis, in good faith, with due diligence and care, and in the best interests of the Bank and all shareholders in the fulfillment of its responsibilities towards the Bank.

In line with the Bank's Articles of Association and regulatory requirements, the Board shall hold at least six meetings (minimum once every two months) pursuant to either (i) written notice from the Chairman of the Board or his Deputy at least one week prior to the meeting, or (ii) the request of another member of the Board of Directors. Board meetings are scheduled in the Board Calendar according to key events and coinciding with financial period closures of the Bank. The meeting agenda shall be included in the notice of meetings issued by the Chairman of the Board or his Deputy or upon the request of another Member of the Board. Directors may request the inclusion of a specific matter in the meeting agenda.

Directors are expected to make every effort to attend, in person or via any method which provides remote access, all scheduled Board meetings and meetings of the Board Committees on which they serve. A Board meeting shall only be validly called if a majority of Directors (at least seven out of thirteen Members), are in attendance. The Board of Directors may take decisions by circulation without holding any meeting as long as all other Members give their written consent. Voting in Board meetings shall be in accordance with the Bank's Articles of Association. The Chairman shall chair the Board meetings in accordance with local laws and the Articles of Association. Matters considered, and decisions taken, by the Board shall be recorded by means of minutes kept by the Board Secretary. Minutes of meetings, resolutions and all related documentation are archived on a regular basis by the Board Secretary and the Board Secretary ensures the minutes are presented to authorized persons only upon request.

During 2014, the Board held a total of 10 Board meetings as indicated in the table below:

MEETING DATES	NUMBER OF ATTENDEES
15 January 2014	13
12 February 2014	12
24 March 2014	10
09 April 2014	12
14 May 2014	12
11 June 2014	11
02 July 2014	13
29 September 2014	13
18 November 2014	12
09 December 2014	12

The decisions of the Board of Directors of the Bank regarding related party transactions are taken in accordance with the Corporate Governance Principles and the provisions of the Banking Law No: 5411 and the sub-regulations by taking the approval of the majority of Independent Members. The Board member who is a party of the related party transaction has no voting rights in relevant matters

5.3. Number, Structure and Independence of the Committees Created by the Board of Directors

To assist the Board with the efficient and effective discharge of its duties, the Board has established committees which are delegated specific responsibilities and authorities to act on behalf of the Board. In addition, in line with its commitment to corporate governance principles, the committees instituted by the Board meet the minimum committee requirements set forth by applicable corporate governance regulations.

The Bank has the following six committees:

- 1- Audit Committee
- 2- Corporate Governance Committee
- 3- Credit Committee
- 4- Early Identification and Management of Risk Committee
- 5- Executive Committee of the Board
- 6- Remuneration Committee

In accordance with the Corporate Governance Principles, the Chairmen of the Audit Committee and the Remuneration Committee are elected among the Independent Members of the Board of Directors. The Chairman of the Corporate Governance Committee and the Chairman of the Early Identification and Management of Risk Committee are not selected from Independent Board Members, and this is to enhance the Member composition of these committees and to improve the interaction between the activities of these committees and the similar processes carried out at the Commercial Bank of Qatar, the Bank's Holding Company. Also, in accordance with the Corporate Governance Principles, the Chief Executive Officer does not participate in any committees as a member other than the Credit Committee set up within the framework of the Banking Law No. 5411 and the Executive Committee set up within the framework of the Turkish Commercial Code. The Board Members can be members in more than one committee on account of their knowledge and experience.

The Committees under the Board of Directors

Credit Committee

The Credit Committee of the Bank is responsible for handling matters related to credit facilities within the limits provided in accordance with the legislation. The Committee studies, discusses, and decides on the credit proposals that are brought to its attention by the Management. The decisions within the credit extending authority of the Credit Committee taken unanimously are implemented directly while the decisions taken by the vote of the majority are implemented after the approval of the Board of Directors.

The Credit Committee is composed of the following Board Members:

Board Members	Office Held
Bahattin Gürbüz (Independent Member)	Chairman
Didem Çerçi (Independent Member)	Member
Meriç Uluşahin	Member
Andrew Charles Stevens	Member
Fahad Abdulrahman Badar	Member
Mehmet Hurşit Zorlu	Alternate Member
İpek Nezahat Özkan	Alternate Member

The Committee's role, responsibilities, composition, membership requirements and other protocols are documented in the Risk Charter.

During 2014, the Credit Committee of the Board met on a weekly basis and minutes of such meetings are duly documented.

Audit Committee

The Audit Committee is primarily responsible for overseeing the quality and integrity of the accounting, auditing, internal control and financial reporting practices of the Bank as well as setting forth compliance and Anti-Money Laundering and Combating Financing of Terrorism requirements, and defining criteria and control mechanisms for all activities involving risks within departments and functions throughout the Bank.

The Committee is established pursuant to article 24 of the Banking Law numbered 5411 and is composed of the following:

Board Members	Office Held
Kemal Semerciler (Independent Member)	Chairman
Nicholas Charles Coleman	Member
İpek Nezahat Özkan	Member

The Chairman who is an Independent Member is also responsible for coordinating and overseeing the activities of departments which operate under the Internal Systems structure (i.e. Internal Audit, Internal Control, Compliance and Risk Management departments)

The Committee's role, responsibilities, composition, membership requirements and other protocols are documented in Audit Committee's Terms of Reference.

To be in line with the transparency and independence principle, the Internal Audit and Compliance Departments report directly to the Audit Committee of the Board whereby the Heads of both the Internal Audit and Compliance functions are responsible to submit reports and observations to the Board Audit Committee on a periodic basis and as and when needed.

During 2014, the Audit Committee met a total of nine (9) times Minutes of such meetings are duly documented. The table below provides the dates and Committee member attendance to committee meetings held:

MEETING DATES	NUMBER OF ATTENDEES
05 February 2014	3
24 April 2014	3
06 May 2014	3
09 July 2014	3
22 September 2014	3
24 October 2014	3
13 November 2014	3
27 November 2014	3
10 December 2014	3

Corporate Governance Committee

The Corporate Governance Committee of the Bank is responsible for performing such duties as may be required by the regulatory bodies in Turkey, ensuring all the regulatory guidelines and rules regarding corporate governance are met; acting in an advisory capacity to the Board of Directors to enhance ABank's corporate governance through a continuing assessment of the Bank's approach to corporate governance and making policy recommendations.

Within the framework of article 11 of the "*Communique on Corporate Governance (II-17.1)*", the Legal Compliance Department Manager, Hamdi İlkay Girgin is also appointed as the Investor Relations Officer (as outlined in Part II – Shareholders – 2.1 Investor Relations Department) and has also been assigned to the Corporate Governance Committee within the framework of article 11 of the "*Communique on Corporate Governance (II-17.1)*".

The Committee has been continuing its activities in accordance with the “*Regulation on Bank’s Corporate Governance Principles*” which was published by the Banking Regulation and Supervision Agency in the Official Gazette dated 1 November 2006 and numbered 26333; and the “*Communiqué on Corporate Governance (II-17.1)*” which was published by the Capital Markets Board in the Official Gazette dated 3 January 2014 and numbered 28871.

The Corporate Governance Committee is composed of the following Board Members:

Board Members	Office Held
Izzat Dajani	Chairman
Kemal Semerciler (Independent Member)	Member
İpek Nezahat Özkan	Member
Hamdi İlkay Girgin	Member

The Committee’s role, responsibilities, composition, membership requirements and other protocols are documented in the Board Corporate Governance Committee’s Terms of Reference.

During 2014, the Corporate Governance Committee met a total of two (2) times and minutes of such meetings are duly documented. The table below provides the dates and Committee member attendance to committee meetings held:

MEETING DATES	NUMBER OF ATTENDEES
10 June 2014	3
10 December 2014	4

Nomination Committee

Under Board Resolution number 9/G dated 1 April 2013 it was unanimously agreed that the Nomination Committee should not be established and that this function should be performed by the Corporate Governance Committee. The Board’s decision was based on the structure of the Board and the duties performed by the Independent Members in the various committees they are members of.

Remuneration Committee

The Remuneration Committee is responsible for evaluating the compensation and remuneration of the Members of the Board, management and staff and setting the Key Performance Indicators in line with the strategy and policies of the Bank.

The Committee is composed of the following:

Board Members	Office Held
Didem Çerçi (Independent Member)	Chairman
Mehmet Hurşit Zorlu	Member
Andrew Charles Stevens	Member

The Remuneration Committee’s role, responsibilities, composition, membership requirements and other protocols are documented in the Remuneration Committee’s Terms of Reference.

During 2014, the Remuneration Committee met a total of six (6) times and minutes of such meetings are duly documented.

The table below provides the dates and Committee member attendance to committee meetings held:

MEETING DATES	NUMBER OF ATTENDEES
06 May 2014	3
14 May 2014	4
02 July 2014	4
26 November 2014	3
04 December 2014	2
09 December 2014	2

The Committee continues its activities in accordance with the “*Regulation on Bank’s Corporate Governance Principles*” which was published by the Banking Regulation and Supervision Agency in the Official Gazette dated 1 November 2006 and numbered 26333; and the “*Communiqué On Corporate Governance (II-17.1)*” which was published by the Capital Markets Board in the Official Gazette dated 3 January 2014 and numbered 28871.

Early Identification and Management of Risk Committee

The Early Identification and Management of Risk Committee is primarily responsible for all aspects of enterprise risk management including but not restricted to credit risk, market risk and operational risk.

The Committee is composed of the following:

Board Members	Office Held
Mohd Ismail M Mandani Al-Emadi	Chairman
Didem Çerçi (Independent Member)	Member
Nicholas Charles Coleman	Member
Mehmet Hurşit Zorlu	Member

The Committee’s role, responsibilities, composition, membership requirements and other protocols are documented in the Risk Charter.

The Committee continues its activities in accordance with the "Procedure of Working Principles for Early Identification and Management of Risk Committee".

The Early Identification and Management of Risk Committee is the common communication and coordination platform of the Internal System Units and the executive functions of the Bank in order to assess the risks that the Bank is exposed to and in order to get recommendations on the measures and the methods to be followed accordingly. The Committee Meetings are held periodically on a quarterly basis and shall monitor the Bank's risk appetite, risk profile and tolerance level established for the consolidated group in compliance with the Risk Policy and the decisions taken by the Board of Directors, and the Committee shall also ensure the implementation and supervision of the necessary measures by the sub-committees and the relevant departments.

During 2014, the Early Identification and Management of Risk Committee met a total of six (6) times and minutes of such meetings are duly documented. The table below provides the dates and Committee Member attendance to committee meetings held:

MEETING DATES	NUMBER OF ATTENDEES
11 February 2014	3
06 May 2014	4
01 July 2014	4
09 September 2014	4
13 November 2014	3
28 November 2014	3

Executive Committee of the Board

The Executive Committee of the Board is primarily responsible for attending to issues relating to approving all strategies, plans, budgets/objectives and policies, procedures and systems as well as reviewing the performance of the Bank in relation to each of the foregoing, excluding the authorizations and operations that are under the capacity of the Board of Directors according to the legal provisions and the Articles of Association of the Bank.

The Committee is composed of the following:

Board Members	Office Held
Omar Hussain I H Al-Fardan	Chairman
İpek Nezahat Özkan	Member
Andrew Charles Stevens	Member
Mehmet Hurşit Zorlu	Member
Meriç Uluşahin	Member

The Committee continues its activities in accordance with the "Procedure of Duties and Working Principles for the Executive Committee".

The Committee's role, responsibilities, composition, membership requirements and other protocols are documented in the Executive Committee of the Board's Terms of Reference.

During 2014, the Executive Committee of the Board met a total of seven (7) times and minutes of such meetings are duly documented. The table below provides the dates and Committee member attendance to committee meetings held:

MEETING DATES	NUMBER OF ATTENDEES
29 January 2014	4
26 February 2014	4
30 April 2014	4
30 June 2014	4
03 September 2014	4
12 November 2014	5
26 November 2014	5

5.4. Risk Management and Internal Control Mechanisms

Risk Management

The Risk Management organization is responsible for the central management of the possible risks with an effective coordination in the Bank. The fundamental objective of risk management is to ensure designation of capital to business lines in parallel with the risks they carry and by increasing the capital income according to risk to the highest level to increase the added value. The Bank has accepted “International Risk Management Principles” as an important guide in forming a corporate structure, and has adopted compliance to risk management principles established within the framework of the Basel II Agreement as its principle.

All the strategies, policies and processes related to risk management within the structure of the Bank have been defined under the “Risk Management Framework” title.

The process of defining, measuring, monitoring and managing the risks that the Bank is subject to begins with the Board of Directors. The Early Identification and Management of Risk Committee, the Asset and Liability Committee (ALCO), the Management Risk Committee and the Risk Management Department are other important bodies of the risk management structure. The Board of Directors identifies the general risk policy and risk appetite. The Early Identification and Management of Risk Committee are responsible for the preparation of risk management strategies and policies, presenting them for the approval of the Board of Directors and monitoring their implementation. In addition, the fundamental decisions of commercial units on risk/income balance and management of risks taken according to the limits determined by the Board of Directors are among the duties and responsibilities of the Early Identification and Management of Risk Committee. ALCO monitors and manages the Bank’s asset-liability composition as well as controlling and monitoring the general market risk, liquidity and exchange rate risk. The Management Risk Committee (MRC) is responsible for the development, monitoring and evaluation of all the risk assessment methodologies related to risk areas it is responsible for. In addition, the MRC is responsible for determining all principles and policies related to risk management processes, and creating necessary action plans to ensure minimizing the carried risks for monitoring their implementations.

The Risk Management Department working independently from the executive functions and under the Early Identification and Management of Risk Committee is responsible for periodical monitoring and assessment of risks. The risk based limits for the related profit centers are determined by Risk Management Department by using the size of the equity capital that the Board of Directors determined for purchase and sale, asset and liability management and credit portfolios that are faced with financial risks and risk limits. This department is also responsible for monitoring the limit breaches within the same process and making the necessary notifications to the senior management together with the Early Identification and Management of Risk Committee.

Internal Audit System

Board of Audit

The Board of Audit carries out its audit activities under the Audit Committee set up according to the article 24 of the Banking Law numbered 5411. The Board consists of a Chairman, a Vice Chairman and a sufficient number of Inspectors who are experts in banking audits and information system audits and the Secretary of the Board of Inspection. The Head of the Board of Inspection is authorized to inspect, inquire and examine the Bank's branches, the Head Office Departments, the units executing Internal Control and Risk Management functions, and the institutions under the control of the Bank. The Head of the Board of Inspection carries out his duties, inspections, examinations and inquiries on behalf of the Board of Directors.

The main principles of the Board of Audit are; auditing the entities and functions in line with the International Audit Standards, having a focus on risk and providing the Bank with assurance and consulting services.

In order to ensure that the expectations of the Board of Inspection from the internal audit are met, all activities, including branches and general directorate units are examined without having any internal Bank limitations periodically, and based on risks, any insufficiencies, errors and misconducts are revealed. The Board of Inspection provides opinions and suggestions to prevent these from reoccurring and to ensure effective and efficient use of the resources. The Board inspects the accuracy and reliability of the information and the reports sent to the Banking Regulation and Supervision Agency and to Senior Management. By means of periodical and risk based audits, the sufficiency of internal audit and risk management systems, safety and soundness of information systems and electronic banking services, accuracy and reliability of accounting records and financial reports, compliance of operational activities to procedures, compliance of the transactions to the law, related procedures, the Bank's strategy and policies and other regulations, accuracy and reliability of reports are submitted to the Board of Directors and the Early Identification and Management of Risk Committee, and legal reports, activities of subsidiaries subject to consolidation are audited.

Internal Control System

Internal Control Coordination Department

The Internal Control Coordination Department carries out its activities under the Audit Committee and reports to the Board of Directors.

The Head Office Control Unit, Branches Control Unit and Fundamental Controls and Support Units operate within the department. Internal Control Staff conduct their duties at the headquarters or at the related departments or branches.

The Internal Control Coordination Department has been designed as a part of the Bank's daily activities. The Internal Control Coordination Department staff carries out their activities according to the laws, regulations, announcements and Bank procedures and principles. The controls performed within the activities of the Internal Audit are detailed below:

- Controlling of operational transactions towards execution of the activities,
- Controlling of communication channels and information systems,
- Controlling the financial reporting systems,
- Controlling the compliance of all activities of the Bank or planned to be executed, and the compliance of transactions and products to the Law and other related regulations, as well as to inter Bank policies, rules and to banking practices.

The main duty of the department is to ensure the protection of the Bank's assets, execution of activities efficiently in compliance with the Law and other related regulations, the Bank's internal policies and rules and banking practices to ensure reliability and accuracy of the accounting and the financial reporting system, as well as the accessibility of the information on time. The Department designs the internal control system and internal control activities and how they will be practiced by taking all the activities of the Bank into account, together with the Senior Level Managers of the related units.

The Department establishes and operates the audit process including the audit by the staff responsible for the activities and then by the appointed internal audit staff. While doing so, it ensures coordination and wholeness of the audit activities that are executed by various departments and employees and ensures continuous controlling of the compliance of the Bank's activities with the legislation and Banking Ethical Rules.

The Department has the authority to execute daily/ weekly/ monthly/ periodical/ spot monitoring, examination and audit activities within the Bank's branches, Head Office departments and the Bank's affiliates subject to consolidation. In addition, it also responds to inspection requests of the Board of Directors and the Audit Committee.

The Department staff demands information related with the reporting in order to monitor, examine and control if the execution of all the Bank's practices are done securely through internal audit mechanisms, conducts audit or inspections based on general or specific surveillance and monitoring through various audit documents and tools, records the findings via reports or submits them to the related units by preparing a warning statement. Internal Audit Staff have the authority to ask for additional information from the Bank's staff related to the matters that they are monitoring, examining and controlling.

Monitoring the elimination of the reported deficiencies is done by the Internal Control Coordination Department. The information flow is enabled from the related unit to the Internal Control Coordination Department on what has been done relating to the correction of the findings.

The Department staff presents the results of the study to the Head of Internal Control Coordination Department. The Coordinator submits the reports he prepares on a monthly basis together with his evaluations and suggestions to the Audit Committee Members, related Board Members, General Manager and the related Senior Level Management. In addition, if necessary, he will send the same to the related department and branch managers. Development, amendment of various audit systems, and taking the necessary measures are ensured by taking these reports as a basis and by doing periodical assessments. These matters are presented to the attention of the Audit Committee Members during the Audit Committee meetings held every three months.

Legal Compliance Department

It is essential to ensure compliance with the relevant laws and regulations put forward by the authorized institutions under these laws in order to perform Banking Activities. The Legal Compliance Department operates under the Audit Committee and performs legislation follow-up from the Official Gazette and other related institutions websites on a daily basis. The current legislative amendments are interpreted and are announced to the relevant units/departments within the Bank. The action follow-up of the announcements is reported regularly to the Early Identification and Management of Risk Committee. The follow-up letters received from the official institutions (Banking Regulations and Supervision Agency, Capital Markets Board, Central Bank of the Republic of Turkey, Financial Crimes Investigation Board,) and their submission to the relevant departments, are also performed by the Legal Compliance Department. The Bank's activities being performed and planned to be performed, new products, projects, advertising and promotional campaigns, and their related processes and documentation are also analyzed in terms of compliance with the legislation, the Bank's internal policies and procedures.

Within the framework of the consultancy services, the Legal Compliance Department answers all the questions from the Bank's various departments and branches. They also support the Bank's Investor Relations process.

The Compliance function of the Department is in charge of ensuring the compliance with the Law No. 5549 on Prevention of Laundering Proceeds of Crime and Law No. 6415 on the Prevention of the Financing of Terrorism. They are in charge of ensuring compliance with the obligations relating to terrorist financing prevention and laundering proceeds of crime. Within this context, the Legal Compliance Department Manager takes the position of the Bank's Compliance Officer.

ABank has established the Bank's Compliance Policy according to the relevant legislation. The establishment of the compliance units, the appointment of a Compliance Officer and preparation of the written bank policies and procedures have been completed. Monitoring, control, risk management, internal audit and training activities are ongoing for prevention of laundering the proceeds of crime.

ABank aims to enable the assessment of customers, transactions and presented services with a risk-based approach, to develop strategies, operational rules and responsibilities for the purpose of mitigating risks to be exposed to within this scope, to raise the awareness of our employees in this respect and to prevent the risks which the Bank and employees may be exposed to with the help of the constituted policy and procedures.

Within the direction of this purpose, measures are taken in order to prevent the persons and institutions which we are suspicious of in terms of their funds and assets being gained from legal resources or not from being accepted as customers; any commercial relations are not established with those customers; detailed analysis are made for the customers operating in the sectors, business lines and geographic regions with high risk of laundering the proceeds of crime.

ABank places importance on the struggle against the laundering the proceeds of crime and financing terrorism beyond compliance with the legal procedures, and also regards it as a

social responsibility; the reputation of ABank at local and global markets is adopted as an indispensable principle for compliance and integration with these markets.

5.5. Strategic Targets of the Company

The Board of Directors, by determining ABank's vision, mission, strategic targets and working principles, has disclosed the same to the public via the internet and the Annual Report.

Vision

The vision of ABank is to be the Bank of choice for its customers wherever it is located and with the solution-oriented service mentality it offers at the highest standards.

Mission

To be the leading Bank by creating economic value and to provide tailor made solutions to the benefit and satisfaction of its customers and stakeholders.

Main Strategies

- To be among the top three banks in Turkey in its peer group in terms of quality services offered to the target customer groups
- To focus on selective industries where differentiated expertise enables profitable growth and helps to achieve sustainable performance in a highly competitive market
- To ensure continuous relations with its customers by continuously addressing their changing financial needs and requirements
- To benefit from cross sale and synergy possibilities in relations with private, commercial and corporate customers

The Bank's strategic targets and budgets are approved by the Board of Directors. The development of the strategic targets is monitored regularly by the Executive Committee of the Board and the Board of Directors.

5.6. Financial Rights

The Chairman of the Board of Directors and the Board Members receive attendance fees that are determined each year at the Ordinary General Assembly Meeting.

Credit facilities may be extended to the Board Members by the Bank within a certain framework as specified in article 50 of the Banking Law numbered 5411.

All kinds of rights, benefits and salaries provided to the Members of the Board and Senior Level Executives are disclosed to the public via the Bank's Annual Report by stating the Board of Directors and the Executive Management separately.